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Canada: Railways, Canals and Telegraph
Lines, Standing Committee on, 1952.

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament

1952

Government
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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND
TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

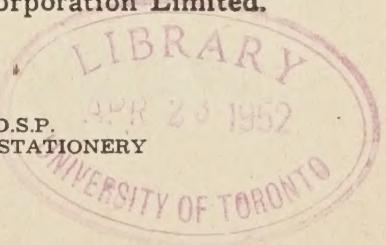
Bill No. 62 (Letter O of the Senate)
An Act to Incorporate Boundary Pipeline Corporation

TUESDAY, APRIL 8, 1952

WITNESS:

Mr. A. I. Matheson, Dominion Securities Corporation Limited.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1952



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MINUTES OF PROCEEDINGS

TUESDAY, April 8, 1952.

The Standing Committee on Railways, Canals, and Telegraph Lines met at 11 o'clock a.m., the Chairman, Mr. H. B. McCulloch, presiding.

Members present: Messrs. Bonnier, Cannon, Carroll, Carter, Cavers, Churchill, Darroch, Dewar, Fulton, Gauthier (*Portneuf*), Gourd (*Chapleau*), Healy, Herridge, Higgins, Hodgson, James, Lafontaine, Low, Macdonald (*Edmonton East*), McCulloch, McGregor, McIvor, Murray (*Cariboo*), Mutch, Nickle, Noseworthy, Pouliot, Richard (*St. Maurice-Lafleche*), Riley, Rooney, Stuart (*Charlotte*), Weaver, Whiteside, Whitman.

In attendance: Mr. Duncan K. MacTavish, Q.C., Parliamentary Agent; Mr. A. I. Matheson, Dominion Securities Corporation, Ltd.

On motion of Mr. Whiteside,—

Resolved,—That the Committee recommend that it be granted leave to sit while the House is sitting.

On motion of Mr. MacDougall,—

Ordered,—That the Chairman order the printing from day to day of such copies, in English and French, of the minutes of proceedings and evidence of the Committee as he may consider necessary.

The Committee resumed consideration of Bill No. 62 (Letter O of the Senate), "An Act to incorporate Boundary Pipeline Corporation."

Questioning of Mr. MacTavish was resumed.

Mr. Matheson was called and questioned.

Mr. Matheson tabled a list of shareholders of Prairie Transmission Lines, Limited, which is printed as *Appendix A* to this day's Minutes of Proceedings and Evidence.

Mr. Noseworthy moved that the Committee adjourn until Tuesday, April 22.

And the question having been put on the said motion, it was negatived.

Clauses 1, 2, 4 and 5 were adopted.

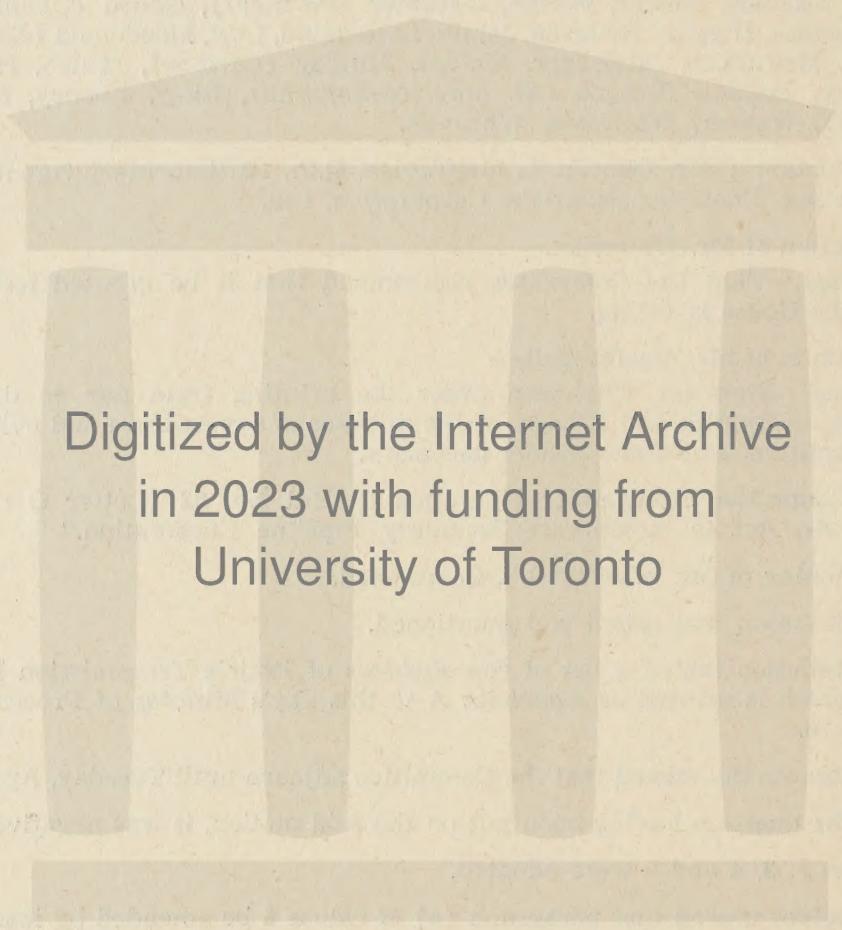
Mr. McIvor moved that paragraph (a) of clause 6 be amended by inserting after the word *lines* in line 23 thereof the words: *provided that the main pipeline or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.*

Clause 6, together with the proposed amendment thereto, was allowed to stand.

Clauses 7, 8, 10 and 11 were adopted.

At 12.10 o'clock p.m. the Committee adjourned until Tuesday, April 22, at 11 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.



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EVIDENCE

APRIL 8, 1952.

11.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. I would like to have a motion recommending that the committee be granted the right to sit while the House is sitting.

Mr. WHITESIDE: I would move that the committee be granted leave to sit while the House is sitting.

Carried.

Mr. FULTON: Mr. Chairman, when would that become effective?

The CHAIRMAN: It would have to be passed in the House first.

Mr. FULTON: I mean, what is the intention with respect to these sittings?

The CHAIRMAN: I will present the motion this afternoon when the House sits, but we would not be able to sit this afternoon.

Mr. NICKLE: Is it your intention, Mr. Chairman, to sit tomorrow?

The CHAIRMAN: That depends on the wish of the committee. Now, I would like a motion with respect to printing.

Mr. MACDONALD: I would move that the Chairman order the printing from day to day of such copies, in English and French, of the minutes of proceedings and evidence of the committee as he may consider necessary.

Motion agreed to.

The CHAIRMAN: We will now resume consideration of Bill No. 62, an Act to incorporate Boundary Pipeline Corporation.

Now, I might say before starting, that we had a meeting on Thursday when a great many questions asked were not relevant to this bill whatever, and I would ask members of the committee when they put questions to think of the bill before they ask questions which have nothing to do with the bill. I understand that one of the members of the committee made the statement that he would see that there would not be a quorum here this morning.

Mr. CARROLL: That is just idle gossip, Mr. Chairman.

The CHAIRMAN: I didn't catch that?

Mr. CARROLL: I said, Mr. Chairman, that is just idle gossip.

The CHAIRMAN: I think we want to get on with the work of the committee in a businesslike manner, and I trust that questions which are to be asked will be on the bill.

Mr. NICKLE: Would you mind clarifying that point, that some of the questions asked Thursday were not relevant to this bill?

The CHAIRMAN: That is my understanding, that a lot of them were not relevant to this bill at all.

Mr. NICKLE: Any questions are relevant that apply to the movement of gas eastward from Alberta, are they not?

The CHAIRMAN: I would not say so, not altogether.

Mr. McIVOR: This bill deals with a pipe line going into Manitoba and it has nothing to do with gas going into British Columbia and therefore any questions about a pipe line to British Columbia would be out of order.

Mr. NICKLE: I agree with you, Mr. McIvor.

Mr. FULTON: I still have certain ideas in my mind.

The CHAIRMAN: Now, Mr. MacTavish is here, if there are any questions you would like to ask him. Mr. Herring will likely be here a little later on.

Mr. Duncan K. MacTavish, Q.C. called:

Mr. CARROLL: Mr. Chairman, were there not certain questions asked the other day to which answers were to be supplied this morning?

The CHAIRMAN: Yes, Mr. Green wanted answers to certain questions. Perhaps the witness would care to put those on the record now.

The WITNESS: Mr. Green, asked me three questions which I am now prepared to answer, if I may, so they can go on the record.

The first question that Mr. Green asked me was: who in addition to those listed in Section 1 of the bill were interested as promoters of Boundary Pipelines Corporation; and the answer to that is that in addition to those named in the bill the following, all of Toronto, will become shareholders: J. W. Bowes, W. J. Ayers, W. E. N. Bell, J. D. Gibson, R. A. Armstrong, G. M. MacLachlan, G. M. Thompson, T. Beatty, G. M. Wilton, W. J. Hogg, Charles Burns, Gordon Smith, D. S. Beatty, J. A. MacAuley, R. R. Herring.

The next question Mr. Green put to me was: what relationship exists between Boundary Pipelines, that is the company for which incorporation is sought in this bill, and Prairie Pipelines. The answer to that question is that the companies are, of course, quite separate entities although some persons are interested in both of them. There were 40 Alberta shareholders in Prairie Pipelines who are not interested in any way in Boundary Pipelines. There are 10 persons in Boundary Pipelines who are not in any way interested in Prairie Pipelines. Now, Mr. Chairman and honourable gentlemen, if it were thought desirable I could go into more detail in terms of names because I have here the list that I read in answer to question number one. With those, in addition to the ones in the proposed bill who are interested in Boundary Pipelines—I beg your pardon, I should make a correction there; R. R. Herring should have been added to that list. This point that I am coming to now arises out of this arrangement, but in addition to the names which I gave you in respect of Boundary Pipelines, Prairie Pipeline shareholders will be given an opportunity to participate in Boundary Pipelines if as and when it becomes a company. Now, in that connection it may be relevant to list the shareholders of Prairie Pipelines—I do not want to clutter the record, it is a long list, and if it is felt desirable, Mr. Chairman—I want it to be fully understood that there is no withholding of any information at all—I will be quite happy to read the list if you gentlemen wish it.

The CHAIRMAN: What is the wish of the committee?

Mr. FULTON: Have you a copy, Mr. MacTavish, which you could circulate, and one you might table?

The WITNESS: What I could do, Mr. Fulton, would be to give the official reporter, after this session, the list—it is the only list I have and it contains some irrelevant information which should not be in the record—but I can give it to him then if you desire it.

(See Appendix "A")

Mr. FULTON: Quite.

By Mr. Nickle:

Q. Can you give us any indication, Mr. MacTavish, whether or not any of the shareholders of the Boundary Pipeline Corporation exercise a majority control in Prairie Pipelines, and, conversely, whether stockholders in Prairie

Pipelines exercise a majority control in this Boundary Pipeline Corporation?—A. In which company?

Q. In Prairie Pipelines and Boundary Pipelines?—A. Would you allow me just a moment, please?

Q. Certainly—A. Mr. Nickle, the answer to that question is, no; there would be no individual or small group of individuals who would control.

By Mr. Carroll:

Q. May I ask one question before you leave that? This Prairie Pipeline is now an incorporated company?—A. Yes, Mr. Chairman; my information is that Prairie Pipelines started off as an Alberta provincial incorporation in the ordinary sense and then subsequently—

Q. All I wanted to know is whether they have a charter?—A. Yes.

Q. What is the route of their charter with respect to the Boundary route?—A. I am not sure as to that.

Q. I suppose that could be obtained later?—A. I am informed that it goes westerly through the King's Gate Pass and down into British Columbia. It is nothing that would duplicate this at all.

Q. That is what I wanted to find out; there is no duplication between the two?—A. No.

By Mr. Nickle:

Q. Can you give us any information as to the percentage of interest as between American and Canadian shareholders?—A. In Boundary Pipelines I take it you mean?

Q. Yes.—A. It is not only preponderately Canadian but almost exclusively Canadian. The only American interest, Mr. Nickle, is represented by Mr. Herring; otherwise, it is all Canadian.

Q. You have stated that the shareholders of Prairie Pipelines will be given the right to subscribe to shares in Boundary Pipelines Corporation?—A. That is correct, sir.

Q. Is not Prairie Pipelines a wholly owned subsidiary of the Pacific Northwest Natural Gas of Texas? And, if so, what effect would that have on the degree of American participation in Boundary Pipelines?—A. I have before me, sir, a list of the shareholders of Prairie Pipelines to which I referred a few moments ago and the American holding is—I think it can be described as an almost inconsiderable minority in that company, representing W. C. Gilman of New York and R. Gilman Smith and J. L. Augustus.

Q. I raised that question because did not Prairie Pipelines advise the conservation board of Alberta some months ago that their company had been purchased and is now a wholly owned subsidiary of Pacific Northwest Natural Gas of Texas?—A. I do not know that, sir. If you like I can check and get it clear—I was not at the hearing.

The statement you have made, Mr. Nickle, is correct but I am instructed it does not prejudice in the slightest the rights of the shareholders, the list of which I have given of Prairie Pipelines, to participate in Boundary Pipelines. In other words the control to which you refer will not affect the rights of this vast majority who are entitled to participate in Boundary Pipelines.

Q. I judge from following your statement through that Pacific Northwest, by exercising its rights as a shareholder, a preferred shareholder of Prairie Pipelines, becomes a very large shareholder or perhaps the controlling shareholder in Boundary Pipelines? Is that correct?—A. I think all one can say on that is that there is no present plan for its participation. Although it is a possibility it may not even be a probability.

Mr. McIVOR: Is it not a good thing to have American money invested in Canada, in this country?

Mr. FULTON: How does the chairman know?

Mr. NICKLE: I am not complaining about American participation, I am enquiring about the fact that every pipe line sponsored here has had American participation.

The WITNESS: I will have to clarify the last question by saying this right of participation in Boundary Pipelines is available only to the shareholders prior to the intervention of the control to which you refer—so that company will not have the right to participate, but the 73 per cent of Canadian holders of whom I spoke a few moments ago will be the ones who have the right to participate in Boundary Pipelines—and only those in Prairie Pipelines.

By Mr. Nickle:

Q. There would not be the case of Boundary Pipelines becoming a subsidiary?—A. That is not a possibility.

Q. I raise that question relevant to the original application by basically the same group for Prairie. They state in their original application to the Conservation Board of Alberta: "The control of the applicant company is now and will be after the completion of its financing, in the hands of Canadian citizens who are resident in the province of Alberta and other provinces of Canada. The applicant is not now nor will it be the subsidiary of any foreign corporation."

That statement was followed soon after by the purchase of control of Prairie Pipelines by an American corporation.

I would like to have some clarification from you as to whether the same procedure would be followed with Boundary Pipelines or whether it is actually the intention to keep it a Canadian controlled company?—A. I think I can answer that question immediately and perhaps it may be confirmed by the evidence of Mr. Matheson who will be speaking on the financing of this company—financing which will be exclusively a Canadian project.

The other question Mr. Green asked me was: What connection has Dominion Securities with any underwriting house in the United States as far as the Boundary Pipelines transaction is concerned?

That question arose out of the discussion of the financing of this project when I said that Dominion Securities, a Canadian company, would handle it. The answer to the question is that Dominion Securities is a Canadian company owned by Canadians and has no association in terms of ownership with any United States underwriting house. The financing of this comparatively modest project can and will be done in Canada by Dominion Securities without the participation of American interests.

By Mr. McIvor:

Q. Mr. Chairman, the result of these questions and answers is to indicate that Canada has financial control?—A. That is correct, sir.

By Mr. Fulton:

Q. Mr. Chairman, I should like to ask some questions as to the plans for financing. May I ask Mr. MacTavish whether he is prepared to answer them or whether Mr. Matheson of Dominion Securities is prepared to give those answers?—A. I think it would be more satisfactory from the point of view of everyone if Mr. Matheson were to answer those questions. In fact, some of them may be answered in his statement.

That, gentlemen, is all I have to say except that, while I am on my feet, I might make this statement. There was some discussion earlier in connection with a proposed amendment to make this bill have limiting words embodied in it similar to those that were inserted in other bills. I think it

might be appropriate for me to say now that we are quite content to have an amendment; and an amendment, I believe, will be made which will put in words identical with those in the other bills.

Q. In Section 6?—A. In Section 6, and those words are: "Provided that the main pipe line or lines for the transmission or transportation of gas or oil shall be located entirely within Canada."

Mr. McIVOR: That is good.

The WITNESS: I thought it might save discussion if I were to mention that at this time.

By Mr. Fulton:

Q. Do I understand from your previous answer that there are to be no American concerns associated in the financing of this proposal?—A. That is correct, sir. As I said earlier, in terms of what we become accustomed to in pipe lines, this is a modest scheme involving only \$28,000,000. I rather shudder when I put it that way but, comparatively, this is small.

So, Mr. Chairman and gentlemen, that is all I have to say at the moment and Mr. Matheson, if you will hear him, will discuss the proposed financing.

Q. In the list which you have tabled does the answer appear to the question as to which shareholders have holdings in both Prairie Transmission and Boundary Pipelines? Does that appear from the list?—A. That will appear by a comparison of the lists. If it will be more convenient I will be quite happy to add a list of the Prairie Pipeline shareholders who are also shareholders in Boundary Pipelines.

Q. If it appears from the list you have tabled that would not be necessary.—A. It will appear from both lists by comparison.

The CHAIRMAN: Is it your wish to hear Mr. Matheson?

Agreed.

Mr. A. I. Matheson, Dominion Securities Corporation, called:

The CHAIRMAN: Would you mind identifying yourself?

The WITNESS: My name is Matheson. I am resident partner in Ottawa of Dominion Securities Corporation. It is a purely Canadian investment house. We are members of the Investment Dealers Association and we also trade on the major stock exchanges.

Have you any questions, sir?

Mr. NICKLE: Mr. Matheson, can you give us a brief outline of the financing plan for Boundary Pipelines?

The WITNESS: This sounds as though I were trying to evade the question but I am not. Security markets vary so much from time to time that any financing plan, regardless of how small or how large, must be held until the time of financing when you regard your market at that time. I will try to give you a couple of examples.

You may have an extremely strong stock market or a very weak bond market. The two markets can go together or can be almost diametrically opposed. If you have a tremendous demand for stock and difficulty in financing bonds except at very high rates, your tendency is to do most of it through selling stock—preferred or common shares as the case may be. Conversely, if you have a tremendous demand for bonds and public confidence at that particular moment is shaken in the stock market, then a great deal of it will be done by bond financing. A very large part of it would be sold to Canadian life insurance companies or Canadian financial institutions.

As I say, it sounds as though I have been evasive on this, but your markets can change so quickly—both for stocks and bonds.

Another thing comes in and it is that in February, 1951, certain regulations were laid down for financial institutions in Canada—both chartered banks and life insurance companies—which were to a great extent aimed at restricting credit. There is a situation where almost overnight the picture changed. Therefore, in any financing of this nature you would have to take into consideration the markets existing at the time you were endeavouring to raise money to finance the project.

Mr. McIVOR: What usually causes the changes?

The WITNESS: There can be an awful lot of things sir. If restrictions are put on credit, particularly with financial institutions, you will find that bond levels will fall and new issues will have to be brought out at lower rates of interest. Today first mortgage bonds are being brought out on the Canadian market at 6 per cent. Six years ago we were bringing out 3 per cent premium bonds and, in the interim, 3½ and 4 per cent. That gives you an idea of the terrific changes we have had in interest rates since the beginning of the war. It could be a question of more bonds being available; it could be a question of restrictions being imposed by the authorities; and it could be just confidence one way or another in either the bond or the stock market.

By Mr. Nickle:

Q. Mr. Matheson, on the basis of monies contributed to date or shares committed for to date, can you give us any indication, before any public financing, as to what percentage of subscription to Boundary Pipelines would be Canadian owned and what percentage American owned?—A. The amount of underlying money that has been put in to date or will be put in by these people?

Q. That has been put in to date—assuming the shareholders of Prairie Pipelines exercise their right? What I am trying to get is before your public financing how much or what percentage of interest in Boundary Pipeline will be Canadian held and what percentage American held?—A. If you will excuse me I will try to get that percentage. I understand it is a question of 73 per cent Canadian and 27 per cent American. Exactly what it will be in this case of Boundary Pipelines we do not know.

Q. The percentage applies only then to Prairie Pipelines?—A. Yes, and I have not got information on the other—

By Mr. Fulton:

Q. Have you been able to make any estimate—I realize the limitations arising out of your earlier answer if you do not know how much will be by shares and how much will be by bonds—but in so far as you may do it by an issue of stock, to what extent do you have it in mind that it will be by private subscription or closed subscription, and to what extent by offers to the public—by listing it on the market? Have you made any estimate as to the breakdown?—A. No, frankly I have not.

Q. The tendency in the past has been that most of these issues in connection with either gas or oil pipe lines are privately subscribed?—A. As far as the underlying common shares, yes. Normally, the major part of the financing is done through bonds sold to institutions and then those bonds are amortized and paid for over the life of the pipe line. Your normal period is thirty years.

Q. Is it not only a case with respect to shares—and I do not know whether I am using the correct technical terms—but the issues of shares have been fully subscribed without it ever being necessary to come out on the market?

In that sense I mean that it is privately subscribed for?—A. I do not think there is anything laid down on that at all. Certainly, on occasion there have been instances. Take Trans-Mountain, for instance. Some of the shares were sold to the general public; some were sold to the oil companies who were the major suppliers and, you might say, the major movers behind the pipe line; others were taken by other interests; but there was public participation in both Canada and the United States.

Q. It has been a relatively small proportion?—A. In that case it was a relatively small proportion but I do not think you can really say there is any set procedure on it.

Q. Are you in the position to answer the question as to whether or not there is any agreement yet between this company and any of the gas producing companies with regard to gas being put through the line?—A. I am sorry, but that is completely out of my line.

Q. It would be necessary, would it not, for you to appear and become a matter of record before you could invite any subscription for shares, would it not?—A. Oh, yes. By the time you come to the actual financing of the company, dealing particularly with your life insurance companies, you need to have a tremendous amount of detail before they will subscribe. To put it briefly, where you have a sound engineering proposition, which is on a sound economic basis, there is no difficulty in financing it. I quite agree that you have a mass of detail. As a matter of fact, aside from anything else, there is quite a size of material which insurance companies may want by way of information, and you have to go into a tremendous mass of detail with respect to supply, costs, and everything else.

Q. I suppose the actual shipping or transportation of gas for this company is subject to so many hypothetical considerations with regard to the future that neither you nor anybody else is in a position to tell us how you propose to finance it?—A. No; and you might have one type of financing all lined up, and then there is a slight delay for one reason or another, and that will change the entire market, and you have to tailor your securities to meet your various market conditions. You see, there are two sides, really, to the underwriting of this. First of all, you have to get your money on the most economical basis, and the required funds for the project which is being financed, whether it be a pipe line company or anything else; and the other thing, with respect to the investment, whether it be an insurance company or a widow and orphan, you have to give them a security which is sound. You are in competition with everything else in the market and you have the two sides, and you must balance one against the other.

Q. Has your company been engaged in work in connection with pipe lines before? Have you been a principal in the financing of them?—A. We are one of the underwriters in connection with the Interprovincial Pipeline.

Q. You were one of the group in that case?—A. Normally it will depend on size.

Q. You mean, that in the event of great size you would have to make it a syndicate?—A. Yes.

Q. But in this case you are the sole underwriter of it?—A. Yes.

Q. And you have no obligation to any other underwriting company to give them a part of it?—A. Normally I think you would probably get other firms to come in with you at the time; it depends on the size. That has a great deal to do with it.

Q. You are not telling me that you are not getting anyone else to be associated with you, but that at the moment you are in exclusive charge, and it is entirely up to you?—A. We are acting more as consultants than anything else at the moment.

Mr. NICKLE: This comparatively modest pipe line to cost \$30 million would still be a pretty big operation for a single investment house, is it not?—A. It is normal practice to get as wide as possible a distribution of the securities; and with the exception of small issues, it is Canadian practice to bring in other firms for the financing and distribution. That is normal procedure.

Mr. FULTON: Are you in a position to tell us whether you have as yet made any firm arrangement with any other underwriting house to share those with you in the way of a syndicate?—A. Let me put it this way: there are none that I know of.

By Mr. Nickle:

Q. Mr. Matheson, could you give us any information as to how the \$25,000 spent up to date has been spent? More specifically, can you give us any information as to what percentage of that amount was spent on an economic survey of the proposition, a survey of the proposed communities to be served in Saskatchewan, and Manitoba?—A. No.

Q. Then, can you tell us what percentage of that amount has been spent on an engineering study of the route?—A. I will have to get that information for you. I have not got it. I understand that approximately \$15,000 was spent on an engineering survey of the route.

Q. I think, Mr. Chairman, that most of our remaining questions are questions dealing with the economics of the route to be followed and the markets to be served and it looks as if we shall require to have Mr. Herring or some other engineering consultant for Boundary Pipelines present to answer those questions.

Mr. MacTAVISH: Mr. Chairman and gentlemen, Mr. Herring is not here yet and I do not know what the committee wishes to do in those circumstances. But it does occur to me that the questions to be asked will be mostly asked by Mr. Nickle. Am I correct in that?

Mr. NICKLE: There may be others who would have questions as well.

Mr. MacTAVISH: Then, Mr. Chairman, if it is found to be desirable, possibly the questions could be placed on the record and we would be able to get the answers to them that much faster. But it may not be possible.

Mr. NICKLE: A number of questions, unfortunately, will develop from the answers to the first of the questions.

Mr. FULTON: When do you expect Mr. Herring to arrive?

Mr. MacTAVISH: We expected him the first thing this morning, and I believe there is another possible plane arriving at 11:00 or 11:10, on which he might be. I cannot get a passenger list from the airline company while the flight is in progress, so we do not know whether or not he is on that flight. But I take it that the questions would be technical questions which could be answered probably only by Mr. Herring.

Mr. NICKLE: That is right; they are questions dealing primarily with the economics of the markets and the route.

Mr. McIVOR: Let us go on with the bill, Mr. Chairman.

Mr. NICKLE: Let me say that these questions are very relevant to the matter which is before us because, as an Albertan, or as one of the men who are concerned with seeing the maximum possible market for the gas, I would not want to see an uneconomical pipe line, nor would I want to see a pipe line built which would not only take care of the gas that may be made available for marketing either in the United States or in Alberta, as well as of the maximum possible markets in Canada.

Mr. MacTAVISH: I had this in mind: it occurred to me that the line of questioning might be such as would be directed not so much to the sections of

the bill itself as to general information which we, of course, are very happy to give. And if that were the case, it occurred to me that possibly you might proceed with the bill and the questions could be reserved or put, whereupon we would undertake to produce the information.

Mr. McIVOR: Mr. Chairman, I suggest that we go on with the bill and get it cleaned up.

Mr. FULTON: Is there a Mr. Wilkie who is a shareholder of this company, and a Toronto lawyer?

Mr. MacTAVISH: No. There is a Mr. Wilton, and his name appears there.

Mr. FULTON: Is Mr. Wilton here this morning?

Mr. MacTAVISH: Yes.

Mr. FULTON: I believe that Mr. Wilton was active in the direction of the Prairie Transmission Company.

Mr. MacTAVISH: That is correct, and I might say that I am acting under Mr. Wilton's instructions in this matter.

Mr. FULTON: Would you mind pointing out Mr. Wilton to me?

Mr. MacTAVISH: Not at all, Mr. Fulton. There he is.

Mr. NICKLE: I wonder if Mr. Wilton might have some of the answers to the questions we have dealing with the economics of this matter in as much as he is one of the principal promoters of the pipe line.

Mr. MacTAVISH: It would be hard to answer that question not knowing what the questions are; but he would not have the technical information that Mr. Herring would have because Mr. Wilton, like myself, is just a lawyer.

Mr. HODGSON: You are not so sure that Mr. Herring is going to be here. I hope that he remembers that this meeting was brought on today on his behalf.

Mr. NOSEWORTHY: Is Mr. Herring coming by plane, Mr. MacTavish?

Mr. MacTAVISH: Yes, sir.

Mr. NOSEWORTHY: Well, it should be easy to find out if he is on board the plane.

Mr. MacTAVISH: I am sorry to say that it is not easy to find out whether or not Mr. Herring is on board the plane because the airline will not give you a list of the passengers until the plane has landed. Perhaps we might telephone now.

Mr. NOSEWORTHY: Surely the aeroplane people could tell you whether he is on the plane, whether he has a reservation on the plane this morning.

Mr. MacTAVISH: I shall try to do that; but my usual experience is that the airline will not divulge that information.

Mr. NOSEWORTHY: Surely we can find out if the plane has landed.

Mr. FULTON: May we not suspend our work for a few minutes, Mr. Chairman, while we find out if Mr. Herring is here.

Mr. POULIOT: In order to summarize the whole business, it will be an all-Canadian line, Mr. MacTavish?

Mr. MacTAVISH: That is correct, Mr. Pouliot.

Mr. POULIOT: And besides that, only 27 per cent of the stock is held by American capital?

Mr. MacTAVISH: That is correct.

Mr. POULIOT: This is a summary of the questions which have been put to you this morning?

Mr. MacTAVISH: That is right; and the financing will be done entirely by a Canadian company in Canada.

Mr. McIVOR: Mr. Chairman, I move that we go on with the bill now.

The CHAIRMAN: I think we should have a recess for 15 minutes, when we would know whether or not Mr. Herring is coming. So you may all have a smoke.

(The Committee took recess).

—On resuming.

The CHAIRMAN: Order, gentlemen. We have a telegram from Mr. Herring reading as follows:

Missed Saskatoon flight due weather. Remaining Regina. Herring.

So I think if it is agreeable we will go on with the bill and if there are any sections in the bill that you wish to be held or stood over we can do that until after the Easter recess.

Mr. Low: Mr. Chairman, I think we have much too little information on this bill at the present time to put through any of its clauses. I think as a committee that it is our responsibility to make certain that his bill is bona fide, that the provisions of it are satisfactory and that we know just exactly what the whole purpose of the bill is. Now, we have not got that information as yet. I sincerely suggest we leave the whole bill till after Easter.

The CHAIRMAN: Were you here on Thursday, Mr. Low?

Mr. Low: I was not, sir.

The CHAIRMAN: Well, a lot of information was given at the last meeting on Thursday. What is the opinion of the committee on the question of whether we should go ahead with this bill?

Mr. FULTON: I feel somewhat the same way as Mr. Low feels. I do not want to reflect on any of the witnesses we have had this morning, they are all very agreeable persons and have tried their best to co-operate with the committee, but it has been quite obvious from the answers they have given that this proposal is not practical; there are so many things which depend on future developments that their plans are simply not advanced to the state where they can give us any concrete information. In the absence of Mr. Herring, who, were he here, could give us information at least from which one could make a general conclusion as to the feasibility of this project, I think, in the absence of Mr. Herring, coupled with the fact that we have not been able to get any well formed outline or plan from the other gentlemen, we can not proceed with the bill till after Easter, and, indeed, I would hope that between now and Easter these people ought to be able to make a more specific proposal with respect to this undertaking.

Mr. HIGGINS: I am in full accord with the two previous speakers. I was not at this meeting earlier, but I was at the meeting on Thursday, and without any disrespect to the persons associated with this bill I would say that the presence of Mr. Herring is most important, and it is for that reason I support the views outlined by the last two members.

The CHAIRMAN: Were you here on Thursday morning?

Mr. HIGGINS: Yes, I was.

Mr. NOSEWORTHY: In the light of the circumstances I am going to move that this committee adjourn.

Mr. HODGSON: I second that motion.

The CHAIRMAN: Until when?

Mr. FULTON: Tuesday, April 22nd.

The CHAIRMAN: It has been moved and seconded that this committee adjourn until Tuesday, April 22nd.

Mr. WHITMAN: Before that question is put, Mr. Chairman, would it not be possible to consider section 1 and some other sections of the bill in order to have something on record to show that we are at least interested in this bill so that when we meet after the Easter recess we will not be faced with having to start on something else. Would it not be wise to have something on record that we have started this bill?

Mr. NOSEWORTHY: I do not think the promoters of this scheme have any right to ask us to commit ourselves on any section of this bill until we have the information required. I think it is their responsibility to have their officials here to meet members of the committee for the purpose of inquiring into the bill. If they want this bill put through it is their responsibility to see that their officials are here to give us that information and not ask us to commit ourselves on any single clause of this bill.

Mr. GAUTHIER: We can at least start it.

Mr. Low: I understand that there is a motion for adjournment properly seconded, which is not debatable. Under the circumstances I think the question ought to be put.

The CHAIRMAN: It has been moved and seconded that we adjourn. Is it the wish of the committee that we should adjourn? All those in favour please stand. All those opposed please stand.

The motion is lost.

I think we will go ahead with this bill and if there are any sections in the bill that members wish to be held over, we can do so.

Shall section 1 carry?

Carried.

Shall section 2 carry?

Carried.

Shall section 3 carry?

Mr. FULTON: I think section 3 should stand. I see you have the usual amendment setting a value on the capital stock for purposes of taxation or something of that sort, but in view of the fact that I hope we might get a more specific outline from the financial spokesman when we meet again as to some proposed division or basis on which shares should be offered to the public and which privately subscribed, I would ask that section 3 be allowed to stand.

The CHAIRMAN: Is it agreeable that clause 3 stand?

Agreed.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

Shall clause 6 carry?

Mr. McIVOR: I would move, seconded by Mr. Whitman, that section 6, subsection (a) be amended by adding after the word "lines" in line 23 thereof the words "provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada".

6. The Company, subject to the provisions of any general legislation which is enacted by Parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

(a) within the provinces of Alberta, Saskatchewan and Manitoba or outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines, for the transmission and transportation of gas and oil including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas; and as an adjunct or correlate to pipe lines for gas to have similar powers and facilities for pipe lines for the transmission and transportation of oil and the acquisition and disposal of oil; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to *The Radio Act*, 1938, and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;

Mr. FULTON: Mr. Chairman, could we ask that clause 6 and the amendment moved by Mr. McIvor both be allowed to stand for the reason that clause 6(a) refers to the location of the lines, which is a matter which we want to ask Mr. Herring something about, and subclause (b) refers to the power to hold and deal in property, and we shall have some questions about that as to outlets and distribution systems. I would ask that the clause stand.

The CHAIRMAN: Is it agreeable that clause 6 with the proposed amendment stand?

Agreed.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Mr. FULTON: Mr. Chairman, will you allow that to stand, please. It involves financial questions.

The CHAIRMAN: Shall clause 9 stand?

Agreed.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

The CHAIRMAN: Gentlemen, is it your wish to postpone the meeting till the 22nd of April at 11 o'clock, a.m.?

Agreed.

The committee adjourned.

APPENDIX A

PRAIRIE TRANSMISSION LINES LIMITED LIST OF SHAREHOLDERS

Forward

Name of Shareholder	Address
Alexander Gillespie	c/o A. J. Toole, 809—2nd Street West, Calgary, Alberta.
Archer J. Toole	809—2nd Street West, Calgary, Alberta.
Chester Gilchrist	Claresholm, Alberta.
Hales H. Ross	Thomson Building, Edmonton, Alberta.
Dr. Walter MacKenzie	830 Tegler Building, Edmonton, Alberta.
Walter Sprague	c/o Sprague Drug Co., 301 McLeod Building, Edmonton, Alberta.
C. H. Chapman	c/o Chapman Insurance Agencies, 417 Empire Block, Edmonton, Alberta.
Kenneth Coppock	28 Michael Building, Calgary, Alberta.
George Coutts	c/o A. J. Toole, 809—2nd Street West, Calgary, Alberta.
Dr. J. O. Baker	502 McLeod Building, Edmonton, Alberta.
A. G. Bailey	c/o A. J. Toole, 809—2nd Street West, Calgary, Alberta.
S. Bruce Smith	304 Bank of Commerce Bldg., Edmonton, Alberta.
Lee Williams	c/o Weiller & Williams Co. Ltd., Edmonton, Alberta.
W. L. Wilkin Limited	Wilkin Building, Edmonton, Alberta.
Allan McClean	Wilkinson & McClean Ltd., 10235— 103rd Street, Edmonton, Alberta.
S. R. Stevens	c/o Hales H. Ross & Sons Co. Ltd., Thomson Building, Edmonton, Alberta.
John F. McDougall	c/o McDougall & Secord Ltd., 211 Empire Building, Edmonton, Alberta.
Alan H. Nash	c/o Nash & Nash 603 Tegler Building, Edmonton, Alberta.
John C. McDougall	c/o McDougall & Secord Ltd., 211 Empire Building Edmonton, Alberta.
George R. Howsam	10439—121st Street, Edmonton, Alberta.
Harry B. Armstrong	c/o Western Supplies Ltd., 10301—5— 108th Street, Edmonton, Alberta.
Thornton A. Graham	Western Supplies Ltd., 10301—108th Street, Edmonton, Alberta.
Ellen Margaret Scott	625 Tegler Building, Edmonton, Alberta.
H. Kelly	c/o H. Kelly & Company, 10041—101A Avenue, Edmonton, Alberta.
Paul D. Bowlen	c/o Regent Drilling Co. Ltd. P. O. Box 421, Edmonton, Alberta.
James W. Millar	c/o Millar Lumber & Coal Co., 10113— 100th Street, Edmonton, Alberta.

Forward

Name of Shareholder	Address
A. C. Emery	c/o The Emery Co. Ltd., 10151—108th Street, Edmonton, Alberta.
Allan McClean	Wilkinson & McClean Ltd., 10235—103rd Street, Edmonton, Alberta.
Thornton A. Graham	Western Supplies Ltd., 10301—108th Street, Edmonton, Alberta.
Dr. R. M. Parsons	Red Deer, Alberta.
H. B. Armstrong	c/o Western Supplies Ltd., 10301-5—108th Street, Edmonton, Alberta.
J. H. Warren	10137 Clifton Place, Edmonton, Alberta.
C. O. Asplund	Parkside Drive, Lethbridge, Alberta.
John O. Galloway	627—8th Ave. West, Calgary, Alberta.
Walter H. Sprague	c/o Sprague Drug Co., 301 McLeod Building, Edmonton, Alberta.
Cyrille E. Davighon	c/o Royal Trust Company, 10039 Jasper Avenue, Edmonton, Alberta.
Hugh E. Pearson	c/o Taylor, Pearson & Carson (Canada) Ltd., 10215—103rd Street, Edmonton, Alberta.
Thomas Riddel	Claresholm, Alberta.
A. Newton	c/o A. J. Toole, 809—2nd Street West, Calgary, Alberta.
Gordon Smith	Grain Exchange Building, Winnipeg, Manitoba.
James M. Taylor	Towner Park Road, Sidney, B.C.
Frank Doncaster	c/o Doncaster Construction Co., Garneau Theatre Bldg., Edmonton, Alberta.
Robert Kitson	c/o Kitson's Pharmacy, Lethbridge, Alberta.
Glen Wilton	1502 Victory Bldg., Toronto, Ontario.
E. W. Hamber	Vancouver, B.C.
Philip Niles	Room 3849, Grand Central Station, New York City.
John A. MacAulay	1125 Wellington Cres., Winnipeg, Manitoba.
J. H. Hirshhorn	100 Adelaide St. West, Toronto, Ontario.
C. F. W. Burns	c/o Burns Bros. & Denton, 244 Bay St., Toronto, Ontario.
John B. Aird	112 Buckingham Avenue, Toronto, Ontario.
Harry B. Jackman	3 Cluny Drive, Toronto, Ontario.
Gerald Pearson	54 Russell Hill Road, Toronto, Ontario.
J. E. D. Stuart	Pine Hill Farm, Coburg, Ontario.
Reginald C. Carlile	Toronto General Trusts, Bldg., Calgary, Alberta.
W. C. Gilman55 Liberty Street, New York, N.Y.
R. Gilman Smith55 Liberty Street, New York, N.Y.
G. L. Augustus55 Liberty Street, New York, N.Y.
John Edison	46 Russell Hill Road, Toronto, Ontario.
Total Shareholders	58
Canadian Residents	54
Shares held by Canadian Residents	73%

